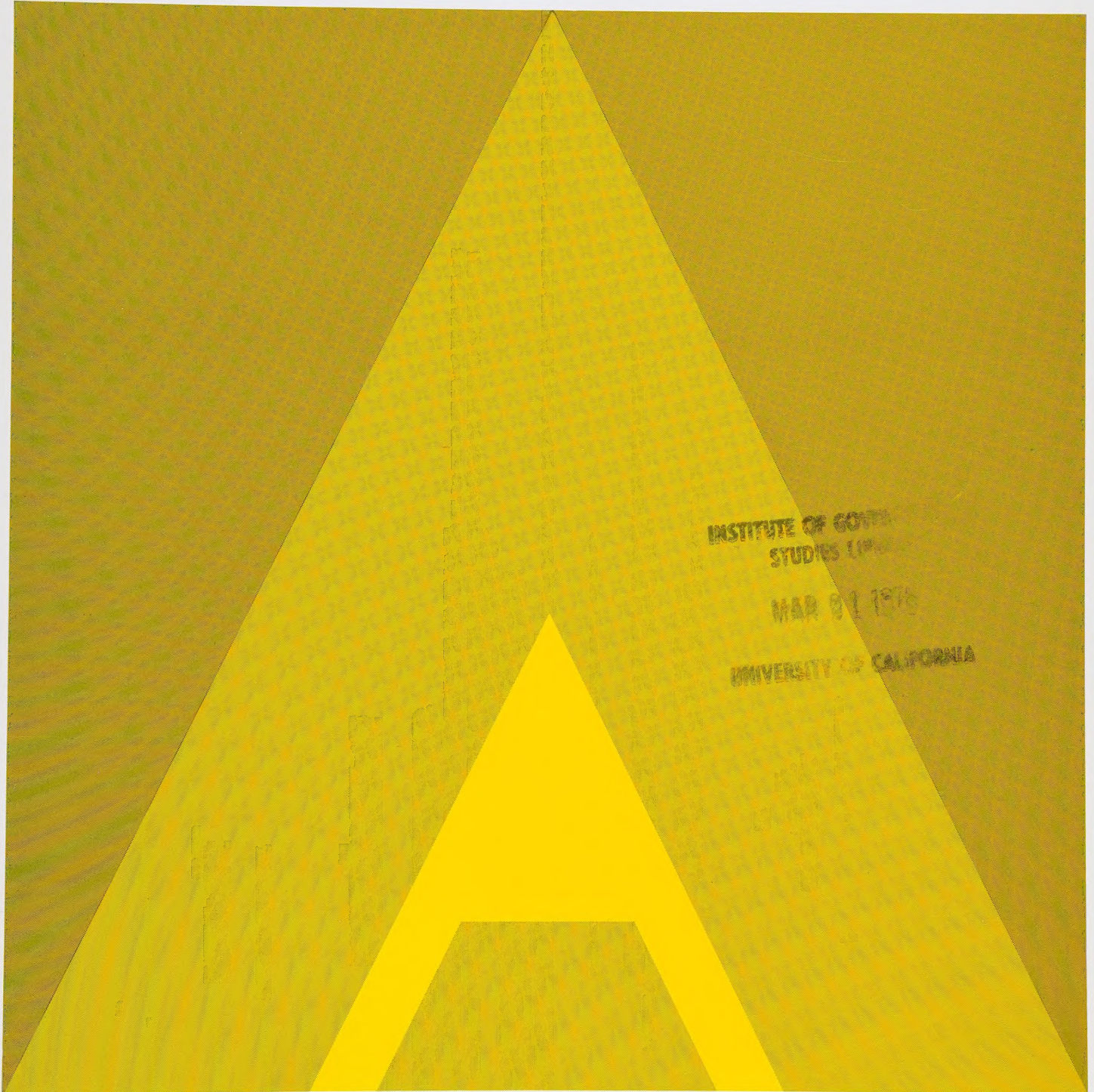


78 01296

Alameda County  
Water District  
Improvement District No. 3  
\$5,700,000  
1978 Refunding Bonds



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Sale: March 30, 1978  
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**NEW ISSUE****Sale Date:****March 30, 1978****Alameda County Water District****Improvement District No. 3****Alameda County, California****\$5,700,000 1978 Refunding Bonds**

The bonds described in the Official Statement are general obligations of Improvement District No. 3 of the Alameda County Water District, a county water district organized under the laws of the State of California. Proceeds of the bonds will be used together with other district funds to create an escrow fund to pay all future obligations of the 1970 Improvement District No. 3 general obligation bonds and to achieve a debt service savings to the district.

**BONDS DATED:** April 1, 1978**DENOMINATION:** \$5,000**DUE:** June 1, as shown below**RATINGS:**

Moody's Investors Service, Inc. \_\_\_\_\_

Standard &amp; Poor's Corporation \_\_\_\_\_

Year	Amount	Rate	Yield or Price	Year	Amount	Rate	Yield or Price
1980.....	\$ 75,000	%	%	1988.....	\$430,000	%	%
1981.....	75,000			1989.....	460,000		
1982.....	100,000			1990.....	460,000		
1983.....	100,000			1991.....	510,000		
1984.....	125,000			1992.....	525,000		
1985.....	250,000			1993.....	585,000		
1986.....	260,000			1994.....	600,000		
1987.....	430,000			1995.....	715,000		

\* The amount of the last maturity may be reduced after the bid opening to conform the bond amount to Treasury regulations requirements as described in the Official Notice of Sale.

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The bonds are coupon bonds payable to bearer, registrable as to principal and interest only, with provisions for deregistration and reregistration. Principal is payable annually beginning June 1, 1980, and interest is payable December 1, 1978, and semiannually thereafter at the principal office of the paying agent, Bank of America, N.A., in San Francisco, California, or at the offices of paying agents in New York, New York, and Chicago, Illinois.

Bonds maturing on or before June 1, 1987 are not callable prior to maturity. Bonds maturing on or after June 1, 1988 are callable pursuant to the terms stated in the Official Notice of Sale, including payment of a premium.

The Alameda County Water District is offering these bonds when, as, and if issued, subject to the legal opinion of Orrick, Herrington, Rowley & Sutcliffe, bond counsel, San Francisco, approving the validity of the bonds and stating that interest on the bonds is exempt from federal income taxes and from California personal income taxes under existing statutes, regulations, and court decisions. Bond counsel's opinion will be accompanied by a report from Price Waterhouse & Co., Certified Public Accountants, stating that they have verified the mathematical computations indicating that the proceeds of the issue, when escrowed together with other district funds, will wholly pay the 1970 Improvement District No. 3 issue, and that the schedule of securities to be purchased and placed in escrow will produce a yield not in excess of that permitted by the present arbitrage regulations of the Internal Revenue Service.

Terms and conditions of the offering are fully set forth in the Official Notice of Sale dated March 14, 1978. Bids will be received on Thursday, March 30, 1978, at Bartle Wells Associates, 100 Bush Street, 28th Floor, San Francisco, California, up to and including 11:00 a.m. Pacific Time. Bids will not be accepted at less than par. Following acceptance of a bid, information on bond coupon rates and reoffering prices will be imprinted in the spaces provided on this page. In addition, the estimates shown on the pages following will be corrected to show the final use of funds to pay all remaining obligations of the 1970 Improvement District No. 3 bonds.

This page supplements the accompanying Official Statement dated March 14, 1978.



## THE REFUNDING PROGRAM

2

*Purpose:* The purpose of the refunding program is to achieve debt service savings for the district by providing for the payment of all remaining obligations on the 1970 Improvement District No. 3 general obligation bonds which were issued in a period of substantially higher interest rates.

*Procedure:* Proceeds from the sale of the refunding bonds will be used together with other district funds to establish an escrow fund consisting of federal securities. Securities will be purchased for the escrow fund in such maturities and in such principal amounts, taking into account interest earnings thereon, as will be sufficient to pay in full, when due, annual debt service on the 1970 Improvement District No. 3 bonds maturing prior to June 1, 1985 until June 1, 1984, and to pay all costs of redemption, including payment of a call premium at the first call date on June 1, 1980 on the 1970 Improvement District No. 3 bonds maturing on and after June 1, 1985.

Upon establishment of the escrow fund, the improvement district will assume the obligation to pay debt service on the 1978 refunding bonds. The lower total debt service of the refunding bonds will create a savings. The financing consultant estimates the present value of savings at \$350,000 evaluated at 5.6 percent discount rate.

The accompanying table shows the estimated sources and uses of funds to complete the advance refunding transaction.

*All amounts shown or referred to on this page as estimated will be revised following acceptance of a bid on*

*the refunding bonds. The estimates, by the district's financing consultant, are based on assumptions about market interest rates, the delivery date of the bonds, and the allocation of costs between issuance expense and the cost of Escrow Fund administration and design. Revisions will show the use of funds as finally determined.*

---

### ALAMEDA COUNTY WATER DISTRICT IMPROVEMENT DISTRICT NO. 3 1978 ADVANCE REFUNDING ESTIMATED SOURCES AND USES OF FUNDS

#### Sources

Principal amount of 1978 refunding bonds* . . . . .	\$5,600,000
Other district funds . . . . .	300,000
Accrued interest to date of delivery . . . . .	17,500
Total Funds Available . . . . .	\$5,917,500

#### Uses

To purchase escrow securities . . . . .	\$5,804,000
To 1978 refunding bonds debt service . . . . .	17,500
Cost of issuance and design and administration of escrow fund . . . . .	96,000
	\$5,917,500

---

\* Amount shown is less than the \$5,700,000 offered and has been reduced in accordance with the Official Notice of Sale to the amount corresponding to the coupons in the table accompanying the section entitled The Bonds. The actual amount sold will be determined after the sale and may be higher or lower than this.

---

# ALAMEDA COUNTY WATER DISTRICT IMPROVEMENT DISTRICT NO. 3

Alameda County, California

Formed February 13, 1964

## BOARD OF DIRECTORS

John R. Gomes, *President*

Frank Borghi, Jr., *Vice President*

Harry D. Brumbaugh

Clark W. Redeker

Carl H. Strandberg

Stanley R. Saylor, *General Manager/Chief Engineer*

Roy E. Coverdale, *Assistant General Manager/Auditor*

Gene Rhodes, *General Counsel*

## PROFESSIONAL SERVICES

Orrick, Herrington, Rowley & Sutcliffe, San Francisco,  
*Bond Counsel*

Bartle Wells Associates, San Francisco,  
*Municipal Financing Consultant*

3

This Official Statement provides information about the issuer and its bonds. The Official Statement includes:

1. Data supplied by the issuer and by others, as indicated herein;
2. Estimates or projections which may or may not be realized and which should not be construed as assertions of fact; and
3. Summaries and descriptions of legal and financial documents, or their contents, which do not purport to describe such documents completely and which are made expressly subject to the full provisions of the documents cited.

This Official Statement does not constitute a recommendation, express or implied, to purchase or not to purchase these bonds or any other bonds of the issuer.

The date of this Official Statement is March 14, 1978.

Prepared for the issuer by:

BARTLE WELLS ASSOCIATES

Municipal Financing Consultants

100 Bush Street, San Francisco, California 94104

(415) 981-5751



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# INTRODUCTION

*Issuer:* The Alameda County Water District is a special district formed under California law. The district is located in southern Alameda County along the southeastern shore of San Francisco Bay. It includes the cities of Fremont, Newark, and Union City, and serves a population of about 180,000. The district provides water service, and bears the responsibility for the groundwater supply in its service area. Improvement District (ID) No. 3 includes 97 percent of the entire district's area, and 96 percent of its assessed valuation.

*Purpose:* The bonds being issued are refunding bonds, to be used together with other district funds to pay all remaining obligations of the 1970 Improvement District No. 3 general obligation bonds, and achieve a savings in annual debt service requirements.

*Security:* The refunding bonds are general obligations of Alameda County Water District, Improvement District No. 3. However, the district has never levied a tax to pay bond service and the board of directors intends to continue to fix water rates and charges within the improvement district in an amount sufficient to pay bond service. If it appears that water revenues will not be sufficient to pay bond service, the district has the power and is obligated to levy ad valorem taxes for the payment of the principal and interest on the bonds upon all taxable property within ID No. 3, without limitation as to rate or amount.

Although the district's present policy is to reserve the revenues from major facilities connection charges upon new development to pay for capital improvements, the district has the power to apply these funds to any lawful purpose of the district including debt service.

*Limitations:* A county water district has no constitutional debt limit. California law limits property taxes to the rate levied in 1971/72 or 1972/73, except for taxes levied for general obligation bonds. The rate may be increased based on changes in population, assessed valuation, and the California Price Index, or by majority vote. The district uses tax revenue only for its conservation program. Its tax rate has been \$0.22 since 1971/72, and taxes account for about 14 percent of its annual budget. An initiative constitutional amendment, to be voted upon in the state election of June 6, 1978, would, if passed, impose further restrictions upon ad valorem real property taxation.

*Economic Factors:* ID No. 3 is composed of the cities of Fremont, Newark, and Union City, excluding the dis-

tricts of Niles in the City of Fremont, and Decoto in Union City. The improvement district covers an area of about 94.5 square miles. According to the California Department of Finance, the population in the three cities totaled 179,600 in 1977. Since 1960, the population of each city has more than doubled and that of Union City has increased nearly five times.

Since 1975, the City of Fremont has been Alameda County's leading city in total valuation of new residential building permits issued. During the first nine months of 1977, the city issued permits for about 1,230 new single-family units, representing a total valuation of about \$70 million. This represents a 25 percent increase in permits and an increase of 44 percent in the valuation of new units over the 1976 totals.

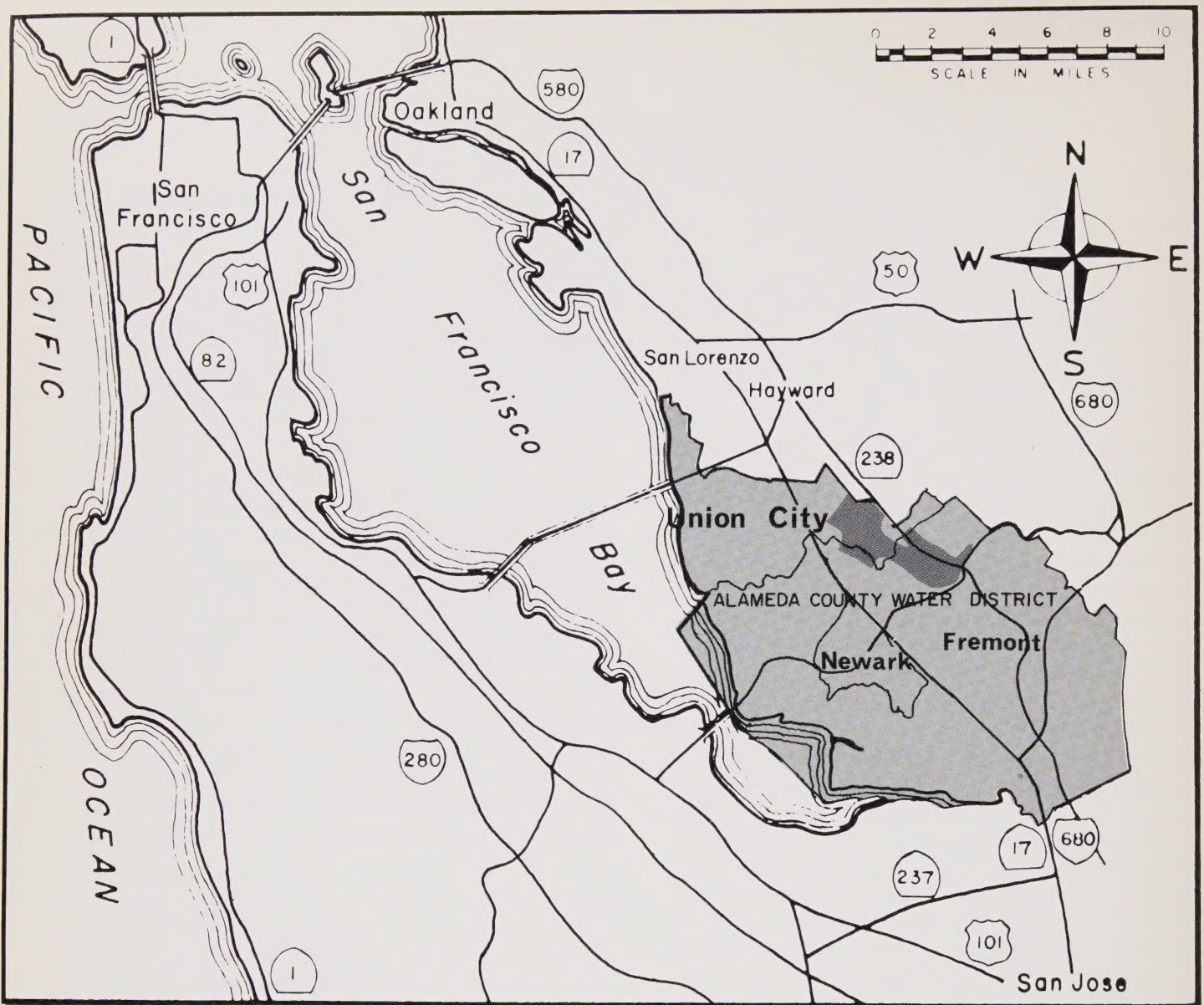
General Motors Corporation (5,600 employees), Alameda County's largest industrial employer, is located within the improvement district at Fremont. Other major industrial employers within ID No. 3 include Pacific States Steel Corporation (1,000 employees), Peterbilt Motors Company (850 employees), and Safeway Stores (800 employees).

*Special Factors:* Efforts to limit property taxes are under way in the California legislature, and through the initiative process. An initiative constitutional amendment commonly known as the "Jarvis Initiative" will appear on the statewide ballot in June 1978. The initiative would limit ad valorem taxes to 1 percent of full cash value, except to pay indebtedness previously authorized by the voters. It would also establish 1975/76 assessed valuation as the base year value of property for tax purposes; limit annual increases in value, except upon sale, transfer, or construction, and impose other restraints on state and local finance.

If the measure is adopted, ad valorem real property taxes of the district would be sharply reduced. The initiative exempts from the one percent limitation ad valorem taxes to pay bond service on bonds previously approved by the voters. Although the refunding bonds are general obligation bonds, a new bond election is not required for their issuance and has not been conducted.

If the "Jarvis Initiative" does not pass and another initiative does pass, changing property valuation practices in the state, then a bill, SB 1, recently signed into law will take effect, reducing property taxes on owner-occupied residences 30 percent and replacing consequently lost local revenues with a state subvention.





Alameda County Water District (ACWD) includes the Cities of Fremont, Newark and Union City. Improvement District No. 3 includes all of ACWD except the shaded portion in the upper center.



# THE BONDS

Alameda County Water District, Improvement District No. 3, not to exceed \$5,700,000 1978 Refunding Bonds.

*Denomination:* \$5,000

*Date:* April 1, 1978

*Estimated Annual Bond Service; assuming the issuance of \$5,600,000 principal amount of the bonds*

Year	Principal Maturing June 1 <sup>①</sup>	Assumed Coupon Rate <sup>②</sup>	Total Estimated Bond Service
1978.....	\$ —	—%	\$ —
1979.....	—	—	335,481.25
1980.....	75,000	7.10	384,675.00
1981.....	75,000	7.10	379,350.00
1982.....	100,000	7.10	399,025.00
1983.....	100,000	7.10	391,925.00
1984.....	125,000	7.10	409,825.00
1985.....	250,000	7.10	525,950.00
1986.....	260,000	5.05	518,200.00
1987.....	430,000	5.10	675,070.00
1988.....	430,000	5.15	653,140.00
1989.....	460,000	5.20	660,995.00
1990.....	460,000	5.25	637,075.00
1991.....	510,000	5.30	662,925.00
1992.....	525,000	5.35	650,895.00
1993.....	585,000	5.40	682,807.50
1994.....	600,000	5.45	666,217.50
1995.....	615,000	5.45	648,517.50
	<u>\$5,600,000</u>		<u>\$9,282,073.75</u>

① The amount of the 1995 maturity will not exceed \$715,000, and may be further reduced after the sale to make the bond amount conform to Treasury regulations. The reduced amount shown in this table corresponds to the Treasury requirement for the coupons as shown.

② Bond interest has been estimated on the basis of the coupons shown. The coupon rate on the 1995 maturity will be published prior to the sale of the bonds.

*Interest:* Coupon payable on December 1, 1978, and semiannually thereafter.

*Redemption:* Bonds maturing 1980-1987 (\$1,415,000 principal amount) not callable. Bonds maturing 1988-1995 (not to exceed \$4,285,000 principal amount) callable as a whole or in part on any interest payment date on

or after June 1, 1987, in inverse order of maturity and by lot within each maturity. Premium is ¼ percent for each year or portion of a year from date of redemption to date of maturity with a maximum of 2 percent.

*Registration:* Coupon bonds registrable as to principal and interest only, with provisions for deregistration and reregistration.

*Payment:* At the principal office of Bank of America NT & SA, San Francisco, California, or at the principal office of Manufacturers Hanover Trust Company, New York, New York, or the office of The First National Bank of Chicago, Chicago, Illinois.

*Tax Status:* In the opinion of bond counsel, interest is exempt from present federal income taxes and from California personal taxes under existing statutes, regulations, and court decisions.

*Authority for Issuance:* Article 9, Chapter 3, Part 1, Division 2, Title 5 of the California Government Code.

*Purpose:* The refunding bonds are being issued for the purpose of paying, together with other district funds, all future obligations of the 1970 Improvement District No. 3 general obligation bonds, thereby achieving a saving in annual debt service requirements.

*Security:* The refunding bonds are general obligations of Alameda County Water District, Improvement District No. 3. The improvement area constitutes 97.3 percent of the Alameda County Water District's total area, and 96.0 percent of the district's assessed valuation. The board of directors intends to fix water rates and charges to be collected within the improvement district so as to yield an amount sufficient to pay bond interest and principal. However, if the district board of directors determines that service area revenues will not be sufficient to pay bond principal or interest as it comes due, it is empowered to levy ad valorem taxes without limitation upon all taxable property within ID No. 3. The aggregate present value of the debt service savings is estimated at \$350,000 net of all costs of the refunding.

*Additional Bonds:* There are no authorized but unsold bonds. Issuance of refunding bonds is currently permitted under state and federal laws, subject to favorable market conditions.

*Legality for Investment:* The bonds are legal investments in California for trust funds, commercial banks, trust companies, and funds of insurance companies.



## SALE OF THE BONDS

The initial offering of these bonds is made in accordance with the Official Notice of Sale, dated March 14, 1978. Matters discussed in this section are expressly subject to the terms and conditions of said Official Notice, to which reference should be made for further detail.

## LEGAL OPINION

The opinion of Orrick, Herrington, Rowley & Sutcliffe, bond counsel, San Francisco, California, will be furnished to the successful bidder and printed on each bond at district's expense.

The statements of law and legal conclusions set forth in this official statement under the heading "The Bonds" have been reviewed by bond counsel. Bond counsel's engagement is limited to a review of the legal procedures required for the bonds and to rendering an opinion as to the validity of the bonds and the exemption of interest on bonds from income taxation. The opinion of bond counsel will not consider or extend to any documents which bond counsel did not prepare or review or to any agreements, representations, offering circulars, or other material of any kind concerning the bonds not mentioned in this paragraph. Bond counsel's opinion will be based in part upon the report of Price Waterhouse & Co., certified public accountants, stating that they have verified the mathematical computations indicating that the re-funding program will pay all remaining obligations of the

1970 bonds, and that the yield on the escrow fund will not cause the bonds to become arbitrage bonds under the present proposed regulations of the Internal Revenue Service.

## CLOSING DOCUMENTS

At the time of delivery of the bonds to the successful bidder, in addition to customary closing documents, the issuer will furnish the following documents:

*No Litigation Certificate:* A certificate stating that no litigation is pending or in progress concerning the validity of the bonds.

*Certificate Concerning Official Statement:* A certificate, signed by a responsible official representing the issuer, to the effect that to the best of his or her knowledge and belief, and after reasonable investigation, (a) neither the Official Statement nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (b) since the date of the Official Statement no event has occurred which should have been set forth in an amendment or supplement which has not been so set forth; and (c) there has been no material adverse change in the operation or financial affairs of the district since the date of this Official Statement.

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Fremont is the southern terminus of the San Francisco Bay Area Rapid Transit District, which connects the major cities in the East Bay with San Francisco and Daly City. Dale E. Boyer photo.



In 1914, the Alameda County Water District became the first agency formed under the State of California's County Water District Act. The district was formed originally to halt diversion of water from upstream tributaries of Alameda Creek, and has continued to the present as a water conservation agency. It is responsible for the groundwater supply underlying the cities of Fremont, Newark, and Union City in southern Alameda County.

Since 1930, the district has also been a water distribution agency. From purchase of a small distribution system in Alvarado (now a part of Union City), the district has expanded to serve almost all of the area covered by its conservation activities. The district produces, stores, treats, softens, and distributes water for a population of about 180,000 people in southern Alameda County.

The district is governed by five directors elected to four-year terms by the voters. A brief biography of each director and the general manager/chief engineer is provided below:

**JOHN R. GOMES, *President of the Board.*** Mr. Gomes is a retired agriculturalist. He served 17 years on the Irvington School Board, now part of the Fremont Unified School District. He is a past Director of the Advisory Board—Bank of America in Irvington, and past President of the Fremont Flood Control Advisory Board. Mr. Gomes has served continuously on the Alameda County Water District Board since 1966.

**FRANK BORGH, JR., *Vice President of the Board.*** Mr. Borghi served 11 years on the Washington Union High School District Board. He was on the County Committee for Redistricting School Districts and the Formation Committee of the Ohlone Junior College District. He has also served as Commissioner of the Fire Department—

Decoto Area and Trustee for the New Haven Unified School District where he is currently employed. Mr. Borghi has served on the Alameda County Water District Board since 1962 in all capacities.

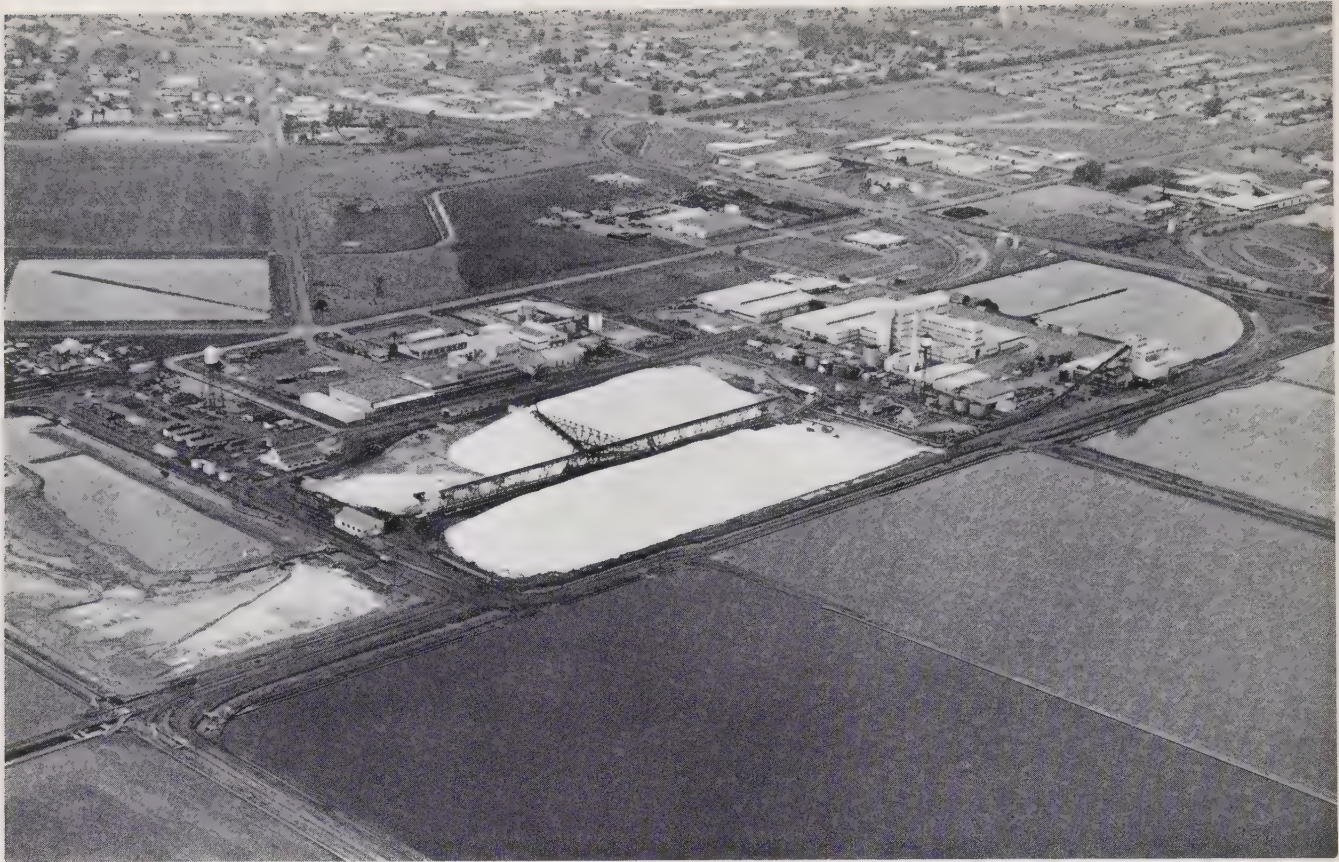
**HARRY BRUMBAUGH, *Board Member.*** Mr. Brumbaugh has been on the Alameda County Water District Board since 1966. He is currently an educator with the Fremont Unified School District at Washington High School. He has taught in the fields of industrial education and social science. Mr. Brumbaugh has a B.A. degree in industrial relations and a master's degree in administration.

**CLARK REDEKER, *Board Member.*** Mr. Redeker is a graduate of the Stanford University School of Chemistry. He is currently research director with Jones-Hamilton Company. He is a past councilman and served as mayor of the City of Newark. Mr. Redeker has served on the Alameda County Water District Board of Directors since 1964.

**CARL H. STRANDBERG, *Board Member.*** Mr. Strandberg is a retired Marine Corps captain. Mr. Strandberg is currently working on three graduate degrees and is the author of several technical books relating to water pollution and aerial photography. Mr. Strandberg was first elected to the Alameda County Water District Board in November 1969.

**STANLEY R. SAYLOR, *General Manager/Chief Engineer.*** Mr. Saylor is a registered professional engineer, with a degree in civil engineering from the University of California. He first joined the district in 1967 as its assistant chief engineer, and was appointed general manager/chief engineer in January 1978. Mr. Saylor is currently president of the Southbay Engineer's Club.





Leslie Salt Company in Fremont employs 300 in the production of table salt. *Dale E. Boyer photo.*

### IMPROVEMENT DISTRICT NO. 3

Improvement District No. 3 (ID No. 3) comprises all of the Alameda County Water District (94.5 square miles), except the communities of Decoto and Niles (2.6 square miles). The water distribution system did not serve Decoto and Niles at the time of the formation of ID No. 3.

### REVENUE AND EXPENSE HISTORY

The district prepares an annual budget and maintains financial accounts on a cash basis.

District financial statements are audited annually by certified public accountants of an independent auditing firm. The annual audit report is presented on an accrual basis. The report for fiscal year 1976/77 is reproduced in part as Appendix A to this Official Statement.

The accompanying table shows the district's revenues and expenses for the past five years. Audit reports provided figures for the period shown.

The district maintains three separate division budgets for distribution, conservation, and major facilities. The distribution division receives revenue from water sales, interest, and engineering fees. Expenditures are made from this division for water treatment, transportation and distribution, long-term debt and interest, and most of the district's expenses for water purchase, pumping, customer accounts, and administrative and general expenses.

The water conservation division receives property tax revenues and revenue for groundwater replenishment. Groundwater replenishment revenue is derived from a pumping charge paid by well operators in the district. The majority of this revenue is paid to the conservation division out of the distribution division budget as payment for the district's own pumping operation. Expenditures are made from the conservation fund for operation, maintenance, and supervision of the district's conservation programs, and about 75 percent of the total costs of purchased water from the South Bay Aqueduct. Property taxes are used solely for the conservation program.

The major facilities program receives revenue from major facilities connection charges assessed against each new connection to the district. Expenditures are made from this fund for major facilities capital improvements.

Funds provided by net revenue and noncash depreciation expense are employed for investment in utility plant, working capital, and retirement of debt.

### REVENUE AND EXPENSE PROJECTION

The tables on page 12, showing projected distribution division and major facilities division revenues and expenses, were prepared by the financing consultant to indicate expected revenues available to cover operating expenses and debt service. The distribution division will account for about 46 percent of the 1977/78 total district budget, including bond service on Improvement



Districts No. 1 and 3 bonds. The major facilities division will account for about 4.4 percent of the 1977/78 total district budget. The five-year projections use the 1977/78 budget as a base and extend through fiscal year 1982/83.

The distribution projection, prepared by the financing consultant, is based on an assumption regarding future availability of water to the district. The projection reflects the end of the drought in the current winter season. Consequently, production is shown as 25 percent below pre-drought expected levels in 1977/78 and thereafter is 10 percent below pre-drought projections. The district expects that individual users will continue to conserve water to a limited extent relative to pre-drought usage.

The revenue estimates assume that a 20 percent revenue increase will be effective July 1, 1978. The district is currently preparing budget projections in preparation

for a rate adjustment to be effective on that date. Additional revenue increases are projected as 14 percent in 1979/80, and 6 percent in 1980/81 and 1982/83.

The projection employs the following additional assumptions:

1. Routine capital expenditures are assumed to remain at a nominal level of \$200,000 per year.

2. Groundwater replenishment cost will be \$37 per acre-foot for fiscal year 1978/79, increasing \$4 per acre-foot each year to \$45 in 1980/81; constant thereafter.

3. San Francisco water cost is \$143 per acre-foot, assumed to drop to \$124 per acre-foot in 1978/79.

4. South Bay Aqueduct water cost is \$31 per acre-foot, and will remain constant until March 1, 1983. At that time, a \$30 per acre-foot charge will be added to the variable cost.

## ALAMEDA COUNTY WATER DISTRICT REVENUE AND EXPENSE HISTORY

	Accrual Basis				
	1976/77	1975/76	1974/75	1973/74	1972/73
<b>Operating Revenue</b>					
Water .....	\$5,367,477	\$4,997,115	\$4,389,842	\$4,244,248	\$3,911,737
Major facilities connection charges.....	1,150,170	1,265,135	933,515	637,640	407,936
Proceeds from taxation.....	1,667,029	1,449,576	1,250,778	1,146,443	1,026,297
Total .....	\$8,184,676	\$7,711,826	\$6,574,135	\$6,028,331	\$5,345,970
<b>Operating Expenses</b>					
Source of supply					
Water purchased .....	\$1,837,535	\$1,840,592	\$1,637,740	\$1,383,784	\$1,399,525
Pumping .....	363,012	279,285	271,641	198,390	193,811
Other .....	390,041	432,302	399,162	229,541	253,333
Water treatment .....	444,488	471,559	263,792	204,668	215,770
Transmission and distribution.....	660,405	555,310	452,951	428,074	428,317
Administration of customer accounts.....	191,095	163,267	163,282	154,627	150,818
Administration and general.....	1,723,478	1,508,786	1,402,417	1,199,333	1,174,552
Depreciation (straightline) .....	1,113,004	942,912	812,623	756,566	676,277
Total .....	\$6,723,058	\$6,194,013	\$5,403,608	\$4,554,983	\$4,492,403
Net Revenue from Operations.....	\$1,461,618	\$1,517,813	\$1,170,527	\$1,473,348	\$ 853,567
<b>Other Revenue</b>					
Interest .....	\$ 322,328	\$ 236,805	\$ 490,964	\$ 375,812	\$ 185,556
Miscellaneous .....	639,784	203,700	162,875	205,227	163,254
Total .....	\$ 962,112	\$ 440,505	\$ 653,839	\$ 581,039	\$ 348,810
Net Revenues for the Year.....	\$2,423,730	\$1,958,318	\$1,824,366	\$2,054,387	\$1,202,377
<b>Other Expenses</b>					
Interest on long-term debt.....	\$ 737,967	\$ 521,887	\$ 531,483	\$ 501,285	\$ 501,344
Other .....	—	—	—	774	5,978
Total .....	\$ 737,967	\$ 521,887	\$ 531,483	\$ 502,059	\$ 507,322
Total Net Revenue.....	\$1,685,763	\$1,436,431	\$1,292,883	\$1,552,328	\$ 695,055

Source: Alameda County Water District audited financial statements, 1972/73 through 1976/77.

5. Miscellaneous supply costs increase 7 percent per year.

6. Overall pumping and treatment costs increase 7 percent per year.

7. Transmission, distribution, and customer accounting costs increase 8 percent per year.

8. Administration and general costs increase 11 percent annually.

9. Bond service projections reflect the estimated refunding savings presented in the refunding program section of this Official Statement.

## WATER SUPPLY

Alameda County Water District's current water production is about 26,000 acre-feet per year. Water is produced from three sources with a priority placed on drawing from least costly sources. Water sources, in order of increasing cost, are: water pumped from wells, imported water from the State of California's South Bay Aqueduct, and imported water from the City of San Francisco Water Department. These three sources give the district a combined total ultimate supply of 72,000 acre-feet per year, including: 20,000 acre-feet from

### ALAMEDA COUNTY WATER DISTRICT DISTRIBUTION SYSTEM COST AND REVENUE PROJECTION, 1977/78 THROUGH 1982/83

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	Fiscal Year					
	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83
Water Consumption (acre feet).....	25,370	30,143	31,107	31,975	32,737	33,499
<b>Cost (\$000)</b>						
Capital .....	\$ 263	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Ground water replenishment.....	300	499	568	638	638	638
San Francisco water.....	986	751	786	894	988	1,082
South Bay Aqueduct water.....	275	275	275	275	275	341
Miscellaneous supply .....	71	76	81	87	93	100
Pumping and treatment.....	897	1,408	1,544	1,650	1,763	1,882
Transmission and distribution.....	551	595	643	694	750	810
Expense credit .....	(75)	(75)	(75)	(75)	(75)	(75)
Administrative and general.....	1,698	1,885	2,092	2,322	2,577	2,860
Customer accounting .....	183	198	214	231	249	269
Bond service .....	669	874	914	924	658	651
<b>Total Cost .....</b>	<b>\$5,818</b>	<b>\$6,686</b>	<b>\$7,242</b>	<b>\$7,840</b>	<b>\$8,116</b>	<b>\$8,758</b>
<b>Revenue (\$000)</b>						
Water sales .....	\$4,300	\$5,870	\$6,880	\$7,480	\$7,660	\$8,379
Other .....	348	400	400	400	400	400
<b>Total Revenue .....</b>	<b>\$4,648</b>	<b>\$6,270</b>	<b>\$7,280</b>	<b>\$7,880</b>	<b>\$8,060</b>	<b>\$8,779</b>
Net revenue .....	(\$1,170)	\$ (416)	\$ 38	\$ 40	\$ (56)	\$ 21
Carryover from previous year.....	1,792	622	206	244	284	228
Reserve .....	622	206	244	284	228	249
Water bill increase*.....	—	20%	14%	6%	—	6%

\* Increase in water user's average bill.

Source: Alameda County Water District.

### ALAMEDA COUNTY WATER DISTRICT MAJOR FACILITIES DIVISION COSTS AND REVENUE PROJECTION, 1977/78 THROUGH 1982/83

	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83
MFCC/equivalent DU .....	\$ 635	\$ 685	\$ 735	\$ 785	\$ 835	\$ 885
Equivalent DU/year .....	—	2,000	1,500	1,500	1,500	1,500
Initial balance .....	\$1,541,098	\$2,261,270	\$2,364,765	\$2,822,965	\$2,810,865	\$1,813,365
MFCC collections .....	1,300,000	1,370,000	1,102,500	1,177,500	1,252,500	1,327,500
Outlays .....	(579,828)	(1,266,505)	(644,300)	(1,189,600)	(2,250,000)	(2,500,000)
<b>Ending Balance .....</b>	<b>\$2,261,270</b>	<b>\$2,364,765</b>	<b>\$2,822,965</b>	<b>\$2,810,865</b>	<b>\$1,813,365</b>	<b>\$ 640,865</b>



natural recharge withdrawn from wells, 42,000 acre-feet from the South Bay Aqueduct, and 10,000 acre-feet from the City of San Francisco. District management considers these sources of supply sufficient to meet the needs of Alameda County Water District.

A lack of normal rainfall in 1976 and 1977 has led to a decrease in water supplies in California. The district's contract with the San Francisco Water Department provides that in the event of a shortage of supply in the San Francisco system, the amount provided to customers such as Alameda County Water District will be reduced in proportion to the amount delivered in the preceding 12-month period.

Similarly, the contract with the State of California provides that in the event of a shortage in supply due to drought, the state will reduce deliveries to its contractors by a uniform percentage with a reduction made first to deliveries for agricultural purposes, and then to deliveries for other purposes. The district does not purchase water from the state for agricultural purposes.

As a result of the recent drought condition in California, the district was operating under supply restrictions imposed by the State of California. The state deliveries were 10 percent less than the district's entitlement in 1977. The state has notified the district that full entitlement can be delivered in 1978.

Supply agreements with both the state and San Francisco permit the supplier to increase the unit charge for water. The cost of water purchased from the state is determined by formula based on capital and operating expenses.

Water is purchased from San Francisco in accordance with a wholesale rate schedule as adjusted from time to time by the city. The most recent increase was 43 percent, effective July 1, 1977, consisting of a 33 percent surcharge for water conservation, and 10 percent for production cost adjustment. The next previous increase was 17.4 percent, effective January 17, 1975.

## WATER SERVICE RATES

The district's water service rate structure is summarized in the following table. Services are billed bi-monthly and pay a base service charge and a quantity charge for water delivered. The district board set the current rates to be effective July 1, 1977. This rate adjustment was made in part to compensate for water conservation measures required by the water supply shortages of 1977. The previous rate increase was made in 1976.

Consumers that draw on the groundwater supply through wells pay a groundwater replenishment fee to finance the water replenishment program. Agricultural and municipal recreation users pay \$8 per acre-foot; all others pay \$33 per acre-foot. Over half of the groundwater replenishment income to the conservation budget is a transfer from the district's distribution system as a charge for the water pumped from the district's own wells.

## ALAMEDA COUNTY WATER DISTRICT SCHEDULE OF WATER RATES

	Inside District	Outside District
<b>Bimonthly Service Charge</b>		
5/8 inch meter .....	\$ 3.60	\$ 4.50
1 inch meter .....	8.60	10.80
1½ inch meter .....	14.40	18.00
2 inch meter .....	25.70	32.00
3 inch meter .....	45.90	57.60
4 inch meter .....	71.60	89.60
6 inch meter .....	143.10	179.10
8 inch meter .....	228.60	285.80
10 inch meter .....	328.50	411.80
12 inch meter .....	457.20	571.50
16 inch meter .....	914.40	1,143.00
<b>Charge for Water Delivered</b>		
First 6,600 cf .....	\$.45/hcf	\$.56/hcf
Next 60,000 cf .....	.40/hcf	.50/hcf
Next 600,000 cf .....	.33/hcf	.40/hcf
All over 666,600 cf .....	.26/hcf	.33/hcf

**Note:** Users who receive water exclusively from the supply obtained from the San Francisco Water Department pay the inside service charge, and a charge for water delivered of \$.59 for the first 6,600 cf, declining after that.

Source: Alameda County Water District.

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## MAJOR FACILITIES CONNECTION CHARGE

The district assesses a major facilities connection charge against each new connection to its system. The charges for residential connections in 1977/78 are \$635 for a single-family dwelling, \$525 per unit for clusters and townhouses, and \$460 per apartment unit or mobile home. Nonresidential connections pay a charge based upon meter size. The resolution currently in force was adopted in 1974, and set rates which escalate annually through June 30, 1978, as tabulated on page 14.

## DEBT LIMITS

California law empowers a county water district to borrow money, incur indebtedness and to refund or retire any indebtedness or lien against the district or its property. There is no constitutional debt limitation for a county water district. General obligation bond authorization requires more than two-thirds of the votes cast at an election to be in favor of incurring indebtedness. Revenue bonds can be authorized, issued, and sold by the water district if a majority of the voters are in favor of the measure. Without calling an election, the district, or the district on behalf of an improvement district thereof,



may issue negotiable promissory notes for purposes other than flood control, not to exceed at any time 1 percent of the assessed valuation in the district and payable not later than five years from the date of issue.

#### ALAMEDA COUNTY WATER DISTRICT MAJOR FACILITIES CONNECTION CHARGE

	1977/78	After June 30, 1978
<b>Residential</b>		
Single-family dwelling .....	\$ 635	\$ 660
Cluster, townhouse, per unit.....	525	545
Apartments and mobile homes, per unit.....	460	480
<b>Nonresidential</b>		
5/8 inch meter.....	\$ 635	\$ 660
1 inch meter.....	1,580	1,640
1½ inch meter.....	2,360	2,450
2 inch meter.....	2,440	2,535
3 inch meter.....	2,580	2,680
4 inch meter.....	2,800	2,910
6 inch meter.....	3,340	3,470
8 inch meter.....	4,000	4,160
10 inch meter.....	4,760	4,950

Source: Alameda County Water District.

#### OUTSTANDING DEBT

The district's current outstanding debt, including the assumed issue of \$5,600,000 refunding bonds is \$13,635,000, as detailed in the accompanying table. ID No. 1 bonds, issued in 1957, mature serially through 1984, and have interest rates from 1 to 5 percent. ID No. 3 bonds, issued in 1970, mature serially through 1995, and have an interest rate of 7 percent. Proceeds from these bonds were restricted to construction of the utility plant. In 1977, the district, on behalf of ID No. 5, issued a total of \$2,363,000 general obligation bonds and \$1,950,000 water revenue bonds. Proceeds from these bonds were used to finance the acquisition and improvement of the Niles-Decoto water system, which was previously owned by Citizens Utilities Company of California.

The ID No. 3 refunding bonds, to be sold March 30, 1978, will be used together with other district funds to create an escrow fund to pay all future obligations of the 1970 ID No. 3 general obligation bonds. Consequently, the 1970 bonds will cease to be paid from district revenues, and are deducted from the district's outstanding debt on the accompanying table.

The district issued 1974 and 1976 promissory notes to finance supply and distribution system improvements. The 1974 notes have a 5.09 percent interest rate and mature in three installments in 1977 through 1979. The 1976 notes mature in four installments, 1978 to 1981, and have an interest rate of 4.35 percent. The 1974 and 1976 notes are secured by the revenues of the district and

#### ALAMEDA COUNTY WATER DISTRICT OUTSTANDING DEBT

Issue	Bond Sales		Principal Outstanding February 23, 1978
	Amount	Year	
Improvement District No. 1			
General Obligation			
Series 1 .....	\$ 1,400,000	1957	—
Series 2 .....	1,870,000	1960	\$ 970,000
Series 3 .....	1,020,000	1963	645,000
Total Improvement			
District No. 1...	\$ 4,290,000		\$ 1,615,000
Improvement District No. 3			
General Obligation ....	\$ 5,890,000	1970	\$ 5,370,000
Improvement District No. 5			
General Obligation			
Series A .....	\$ 1,728,000	1976	\$ 1,685,000
Series B .....	635,000	1977	635,000
Subtotal .....	\$ 2,363,000		\$ 2,320,000
1976 Water Revenue...	1,950,000	1976	1,900,000
Total Improvement			
District No. 5...	\$ 4,313,000		\$ 4,220,000
1974 promissory notes.	\$ 1,000,000	1974	\$ 700,000
1976 promissory notes.	1,500,000	1976	1,500,000
Total Currently Outstanding ....			\$13,405,000
Improvement District No. 3			
Refunding General Obligation Bonds (estimated) .....			
	5,600,000	1978	5,600,000
Total, Including This Sale .....			\$19,005,000
Less Refunded Princip- al of Improvement District No. 3			
General Obligation ....			(5,370,000)
Total .....			\$13,635,000

Source: Alameda County Water District.

are paid from water sales and major facilities connection charge revenues.

General obligation bonds are secured by the district's tax base and require that taxes be levied if revenues are insufficient. The district has consistently followed the policy of setting water rates high enough to pay all debt service in addition to operations and maintenance. It has never levied a tax to pay interest or principal on bonds, although under law it may do so.

The following table shows existing bond service requirements on outstanding bonds of the district.

The table on page 16 shows the direct and overlapping debt of ID No. 3.





Safeway Stores, Inc., distribution center in Fremont employs 800. Dale E. Boyer photo.

# **ALAMEDA COUNTY WATER DISTRICT BOND SERVICE ON EXISTING BONDS**

Year	Improvement District No. 1		Improvement District No. 3 <sup>①</sup>		Improvement District No. 5 <sup>②</sup>		Total Bond Service
	Interest Payable	Principal Maturing	Interest Payable	Principal Maturing	Interest Payable	Principal Maturing	
1977/78 .....	\$ 56,075	\$ 205,000	\$ 375,900	\$ 100,000	\$ 299,415	\$ 93,000	\$ 1,129,390
1978/79 .....	48,420	210,000	368,900	110,000	247,090	105,000	1,089,410
1979/80 .....	40,545	220,000	361,200	120,000	240,640	110,000	1,092,385
1980/81 .....	32,345	230,000	352,800	120,000	233,740	120,000	1,088,885
1981/82 .....	23,820	240,000	344,400	130,000	226,240	130,000	1,094,460
1982/83 .....	14,820	250,000	335,300	140,000	217,540	160,000	1,117,660
1983/84 .....	5,480	260,000	325,500	150,000	207,790	165,000	1,113,770
1984/85 .....	—	—	315,000	300,000	197,590	175,000	987,590
1985/86 .....	—	—	294,000	300,000	186,790	185,000	965,790
1986/87 .....	—	—	273,000	350,000	175,390	195,000	993,390
1987/88 .....	—	—	248,500	350,000	163,140	220,000	981,640
1988/89 .....	—	—	224,000	400,000	150,020	230,000	1,004,020
1989/90 .....	—	—	196,000	400,000	136,260	240,000	972,260
1990/91 .....	—	—	168,000	450,000	121,710	255,000	994,710
1991/92 .....	—	—	136,500	450,000	106,100	275,000	967,600
1992/93 .....	—	—	105,000	500,000	89,425	290,000	984,425
1993/94 .....	—	—	70,000	500,000	71,825	305,000	946,825
1994/95 .....	—	—	35,000	500,000	53,150	325,000	913,150
1995/96 .....	—	—	—	—	33,550	335,000	368,550
1996/97 .....	—	—	—	—	13,200	350,000	363,200
1997/98 .....	—	—	—	—	1,400	50,000	51,400
Paid through 1976/77...	2,027,582	2,675,000	2,790,200	520,000	—	—	8,012,782
Total .....	\$2,249,087	\$4,290,000	\$7,319,200	\$5,890,000	\$3,172,005	\$4,313,000	\$27,233,292

① Interest and principal for 1970 bonds is shown. To be replaced by refunding bond principal and interest upon closing.

② Includes \$1,950,000 water revenue bonds.

Source: Alameda County Water District.



**ALAMEDA COUNTY WATER DISTRICT  
IMPROVEMENT DISTRICT NO. 3  
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT**

	Applicable February 23, 1978	
	Percent	Amount
San Francisco Bay Area Rapid Transit District.....	6.752%	\$ 48,801,768
Oakland-Alameda County Coliseum.....	8.066	3,602,275
Alameda County Flood Control and Water Control Zones 3A, 4, 5, and 6.....	Various	8,393,963
Washington Township Hospital Authority.....	90.075	8,070,720
Fremont-Newark Community College District.....	96.154	9,048,091
Fremont Unified School District.....	95.207-95.193	11,156,704
New Haven Unified School District.....	72.121	8,427,506
Newark Unified School District.....	99.922-100.	6,701,696
Other school and community college districts.....	Various	680,167
City of Fremont and authorities.....	95.207	4,278,602
City of Newark.....	100.	1,835,000
Cities of Hayward and Union City.....	1.494-88.424	1,079,071
City 1915 Act Bonds (Fremont, Newark and Union City).....	100.	16,054,456
Alameda County Water District and Improvement Districts Nos. 1 and 5.....	20.415-99.829	4,144,546
Alameda County Water District, Improvement District No. 3.....	100.	5,600,000 <sup>①</sup>
16 Union Sanitary District and Annexes.....	85.886-100.	3,748,628
Other special districts.....	Various	17,488
Total Gross Direct and Overlapping Bonded Debt.....		\$141,640,681
Less: Alameda County Water District, Improvement District No. 3 (100% self-supporting).....		5,600,000
Alameda County Water District, Improvement District Nos. 1 and 5 (100% self-supporting).....		2,033,734
Hayward Water Bonds (100% self-supporting).....		41,276
Total Net Direct and Overlapping Bonded Debt.....		\$133,965,671

	Ratio to:		
	1977/78 Assessed Valuation (\$845,920,590)	Estimated Market Value <sup>②</sup> (\$3,495,539,628)	Population <sup>③</sup> (179,600)
Gross direct debt (\$5,600,000).....	0.66%	0.16%	\$ 31.18
Net direct debt (\$0).....	0	0	0
Gross total debt (\$141,640,681).....	16.74	4.05	788.65
Net total debt (\$133,965,671).....	15.84	3.83	745.91

Share of Authorized and Unsold Bonds:

Fremont Unified School District.....	\$ 637,887
Flood Zone Nos. 3A, 4, 5 and 6.....	\$2,242,800

<sup>①</sup> Assumes a \$5,600,000 issue of refunding bonds and excludes \$5,370,000 to be paid by the Escrow Fund.

<sup>②</sup> According to the State Board of Equalization, locally assessed property in Alameda County in 1977/78 (\$816,443,360) is assessed at 24.2% of full market value; state assessed property (\$29,477,230) is assessed at 25%.

<sup>③</sup> California Department of Finance January 1977 total estimate for the cities of Fremont, Newark, and Union City.

Source: Compiled by Bartle Wells Associates from data provided by California Municipal Statistics, Inc.



ASSESSED VALUATION

California law requires that all property subject to taxation be assessed at 25 percent of full market value. The Alameda County Assessor assesses all property within the county, except utility property which is assessed by the state. The State Board of Equalization reports that, in 1977/78, locally assessed property in Alameda County is assessed at 24.2 percent of its full

market value. Utility property is assessed at 25 percent of full market value. Under California law, 50 percent of the assessed valuation of business inventories is exempt from taxation. Owner-occupied dwelling units also

ALAMEDA COUNTY WATER DISTRICT  
IMPROVEMENT DISTRICT NO. 3  
ASSESSED VALUATION HISTORY

Year	Assessed Valuation*	Percent Change
1973/74.....	\$500,050,033	—
1974/75.....	550,616,704	10.1%
1975/76.....	635,368,142	15.4
1976/77.....	735,823,389	15.8
1977/78.....	845,920,590	15.0

\* Includes homeowners' and business inventory exemptions.  
Source: Alameda County Auditor-Controller.

ALAMEDA COUNTY WATER DISTRICT  
ASSESSED VALUATION HISTORY

Fiscal Year	Assessed Valuation*	Percent Change	Tax Rate per \$100 Assessed Valuation
1968/69.....	\$261,703,205	—%	\$ .15
1969/70.....	350,173,184	33.8	.13
1970/71.....	367,951,848	5.1	.17
1971/72.....	409,537,829	11.3	.22
1972/73.....	466,092,687	13.8	.22
1973/74.....	519,765,103	11.5	.22
1974/75.....	573,684,711	10.4	.22
1975/76.....	661,845,542	15.4	.22
1976/77.....	766,072,364	15.7	.22
1977/78.....	881,665,897	15.1	.22

\* Includes homeowners' and business inventory exemptions.  
Source: Alameda County Water District.

ALAMEDA COUNTY WATER DISTRICT  
IMPROVEMENT DISTRICT NO. 3  
DETAIL OF 1977/78 ASSESSED VALUATION

	Local Assessed		State Assessed	Total
	Secured	Unsecured		
Net Valuation .....	\$671,217,181	\$46,457,524	\$29,477,230	\$747,151,935
<b>Exemptions</b>				
Homeowners' .....	\$ 62,974,300	\$ —	\$ —	\$ 62,974,300
Business inventory .....	19,132,350	16,662,005	—	35,794,355
Total Valuation .....	\$753,323,831	\$63,119,529	\$29,477,230	\$845,920,590

Source: Alameda County Auditor-Controller.

ALAMEDA COUNTY WATER DISTRICT  
DETAIL OF 1977/78 ASSESSED VALUATION

	Local Assessed		State Assessed	Total
	Secured	Unsecured		
Net Valuation .....	\$697,850,010	\$48,977,437	\$31,562,430	\$778,389,877
<b>Exemptions</b>				
Homeowners' .....	\$ 66,350,200	\$ —	\$ —	\$ 66,350,200
Business inventory .....	19,455,045	17,470,775	—	36,925,820
Total Valuation .....	\$783,655,255	\$66,448,212	\$31,562,430	\$881,665,897

Source: Alameda County Auditor-Controller.



have a current tax exemption of \$7,000 of the full cash value which is equivalent to \$1,750 of assessed valuation. Revenues lost to a taxing entity due to these two exemptions are fully reimbursed by a state subvention.

ID No. 3's 1977/78 assessed valuation, including the homeowners' and business inventory exemptions, is \$845,920,590, an increase of 15 percent over the prior year. The preceding tables provide a five-year history of ID No. 3's assessed valuation and a detail of its current assessed valuation. ID No. 3 accounts for nearly 96 percent of the district's total assessed valuation.

The district's taxable assessed valuation for 1977/78 is \$881,665,897, including the homeowners' and business inventory exemptions. The current year's assessed valuation represents an increase of 15.1 percent over 1976/77, following an increase of 15.7 percent over the prior year. Detail of the district's 1977/78 assessed valuation and a 10-year history of its assessed valuations and tax rates are provided in the tables on page 17.

### TAX RATES AND LIMITATIONS

The table on the district's assessed valuation history also includes the district's tax rate. The district uses tax revenue only for its conservation program, and taxes account for about 14 percent of the total district annual budget. It has levied a \$0.22 tax rate since 1971/72.

The accompanying table itemizes total tax rates in a representative code area in the three cities of Newark, Fremont, and Union City, all of which are served by the

district. The three cities are included in many of the same special districts, other than school districts, and total tax rates range from a low of \$11.751 to a high of \$14.083 per \$100 assessed valuation.

California law limits tax rates to that levied in 1971/72 or 1972/73 where there is no specific limit in enabling legislation. Rates may be increased based on changes in population, assessed valuation, and the California Price Index, or by a majority vote. Further increases are permitted to offset certain commitments and state mandated costs. Taxes levied for bond service on duly authorized general obligation bonds are not restricted.

### PROPERTY TAX LIMITATION LEGISLATION

Efforts to limit property taxes are underway both in the California Legislature and through the initiative process. On March 2, 1978, the legislature passed and the Governor signed a bill called SB1 which would reduce homeowner property taxes 30 percent, replace lost local tax revenues with a state subvention, increase state income tax credits to renters and impose restraints on local government spending. The bill is contingent on enabling constitutional amendments and would not be consistent with the provisions of the Jarvis Initiative on the same ballot. In addition, an initiative constitutional amendment, commonly called the "Jarvis Initiative," will be submitted to the voters at the June 6, 1978 statewide election.

The office of the Attorney General of the State of California has provided the following summary of the initiative:

**"TAX LIMITATION—INITIATIVE CONSTITUTIONAL AMENDMENT.** Limits ad valorem taxes on real property to 1% of value except to pay indebtedness previously approved by voters. Establishes 1975-76 assessed valuation base for property tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer, or construction. Requires  $\frac{2}{3}$  vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of any new ad valorem, sales, or transaction taxes on real property. Authorizes imposition of special taxes by local government (except on real property) by  $\frac{2}{3}$  vote of qualified electors. Financial impact: Commencing with fiscal year beginning July 1, 1978, would result in annual losses of local government property tax revenues (approximately \$7 billion in 1978-79 fiscal year), reduction in annual state costs (approximately \$600 million in 1978-79 fiscal year), and restriction on future ability of local governments to finance capital construction by sale of general obligation bonds."

If approved by the voters, the initiative constitutional amendment could have an impact on the funding of the district's water conservation program. This program protects and replenishes the district's groundwater supply. It currently represents 27 percent of the district's budget.

### ALAMEDA COUNTY WATER DISTRICT REPRESENTATIVE TAX CODE AREAS TOTAL TAX RATES PER \$100 ASSESSED VALUATION, 1977/78

Tax Code Area	Fremont 12-013	Newark 11-010	Union City 15-030
Alameda County .....	\$ 3.070	\$ 3.070	\$ 3.070
City .....	1.330	1.720	1.653
School district .....	4.984	6.443	5.339
Other education .....	1.029	1.170	0.962
County library .....	0.238	0.250	0.250
Alameda-Contra Costa Transit No. 2 .....	0.330	0.330	—
Bay Area Rapid Transit District	0.431	0.431	0.431
East Bay Regional Park District	0.207	0.207	0.207
Washington Township Hospital	0.160	0.160	0.160
Union Sanitary District.....	0.042	0.042	0.042
Alameda County Water District	0.220	0.220	0.220
Other .....	0.040	0.040	0.040
Total .....	\$12.081	\$14.083	\$12.374

Flood Control Zone 5 (land and improvements only).....\$ .360 \$ .360 \$ .360

Source: Alameda County Auditor-Controller.



Property tax revenue comprises 52 percent of the conservation program budget and 14 percent of the total district budget. If the initiative is approved, the property tax revenue could be substantially reduced.

The Alameda County Water District cannot predict whether this initiative constitutional amendment will be approved by the voters of the state, or, if approved, whether the validity of the initiative will be challenged in the courts, or, if so challenged, whether the initiative will be upheld, in whole or in part. Also, the district is unable to make any predictions as to whether additional sources of money would be made available by the California Legislature if the initiative is approved and results in a reduction in property tax revenues available to local governmental agencies, including the Alameda County Water District.

The initiative does not set forth what law is to be used to apportion the one percent tax amount overlapping taxing jurisdictions, and no formula for such apportionment has been proposed. If approved, the initiative will have significant impact on the taxing powers of local government and, because of the lack of enabling legislation, will not permit an early assessment of the impact on any one agency.

The initiative exempts from the one percent limitation ad valorem taxes to pay principal and interest on previously voted bonds.

The 1978 refunding bonds are not voted bonds, although they are general obligations of the improvement district. The 1970 bonds have been, and the 1978 refunding bonds are expected to be paid from water sales revenues and other non-tax revenues of the district.

**TAX COLLECTIONS AND DELINQUENCIES**

In accordance with the California Revenue and Taxation Code, the Alameda County Tax Collector collects secured tax levies for the fiscal period July 1 through June 30 each year. One-half of the tax levy is due November 1, and becomes delinquent December 10 at a penalty of 6 percent. The other half of the tax levy is due February 1, and if taxes are unpaid by April 10, a 6 percent penalty is added. After the second half of the tax levy becomes delinquent, a charge of \$3 for preparing the list of delinquent parcels is also attached to each delinquent tax item.

The delinquent tax list is published on or before June 8, advertising the properties to be sold to the state for nonpayment of taxes. On June 30, properties are sold to the state. Property owners may redeem property sold to the state upon payment of delinquent taxes and penalties. After a property is sold to the state, a redemption penalty of 1 percent per month is charged on the amount of taxes due. A redemption fee of \$2 is also charged on each parcel.

Property owners unable to redeem in full are able to use the installment plan of redemption, whereby they must pay current taxes, plus 20 percent of the amount delinquent. Interest accrues at 1/2 of 1 percent per month

on the unpaid balance. Thus, over a five-year period, owners can redeem their property by paying 20 percent plus accrued interest each year. If nothing has been paid on a property at the end of the fifth fiscal year after which any portion of the taxes have been delinquent, the property is deeded to the state on or about July 1. These properties may thereafter be conveyed by the Alameda County tax collector as provided by law.

Because no taxing district or entity currently levies a tax exclusively in ID No. 3, there is no report of tax collections solely within the area on behalf of which the bonds are offered. The following record of tax collections and delinquencies, as reported by the county tax collector, relates to the entire district, and includes ID No. 3 as now constituted. Tax collection experience in ID No. 3 itself may vary from tax collections in the district as a whole.

**ALAMEDA COUNTY WATER DISTRICT  
TAX LEVIES AND DELINQUENCIES**

Fiscal Year	Secured Taxes		Delinquency	
	Levy	Collection	Amount	Percent
1972/73.....	\$ 909,030	\$ 891,631	\$17,399	1.91%
1973/74.....	920,762	904,740	16,023	1.74
1974/75.....	1,002,554	979,106	23,448	2.34
1975/76.....	1,158,554	1,136,120	22,434	1.94
1976/77.....	1,344,657	1,323,918	20,739	1.54

Source: Alameda County Auditor-Controller.

**LABOR RELATIONS**

The district has 128 permanent full-time employees, of which 30 are classified as management employees. The district's non-management employees are represented by two labor organizations. United Public Employees, Local 390 of the AFL-CIO, represents 70 of the district's employees in the finance, operations, and engineering departments, and the Western Council of Engineers represents the district's seven professionals in the engineering department. Wages, benefits, and conditions of employment are covered by two memoranda of understanding, one between the district and Local 390 of the AFL-CIO, and the other between the district and the Western Council of Engineers. These two memoranda of understanding, effective from July 1977 to June 1979 and June 1978, respectively, provide for increases in compensation based on the percentage change in the Consumer Price Index for the United States. Under the memoranda of understanding, the cost of living adjustments begin with the first payroll period in July 1977 and apply in the first full payroll period every third month thereafter. Cumulative increases in compensation in a fiscal year may not be less than six percent or greater than eight percent.



## PENSION OBLIGATION

The district covers all of its permanent employees under the Public Employees' Retirement System (PERS) of the State of California. Pension costs are funded by monthly contributions to PERS by the district and the employee. The accompanying table shows the number of employees participating in the plan, and the district's annual pension contributions for each of the past five fiscal years, and the budget estimate for 1977/78. In 1975/76, the district withdrew from the Social Security program and subscribed to an increased plan of benefits under PERS. This action increased the level of contributions as reflected in the contributions shown for 1975/76.

### ALAMEDA COUNTY WATER DISTRICT PENSION PLAN PARTICIPATION

Fiscal Year	Number of Participating Employees	Pension Contributions
1972/73	125	\$103,144
1973/74	120	113,721
1974/75	117	138,056
1975/76	122	190,030
1976/77	123	249,864
1977/78*	128	320,884

\* Budget estimate.

Source: Alameda County Water District.

State law provides that, when rendered necessary by changes in benefits or by periodic actuarial review, PERS may modify the amounts of annual pension contributions by agencies contracting with it. The district's annual contribution rate is currently 11.96 percent, expressed as a percentage of base salary. The state has informed the district of its intention to increase the rate to 12.96 percent in July 1978, and 13.038 percent in July 1979.

PERS is a statewide system operated pursuant to Title 2, Division 5, Part 3 of the Government Code. The system has approximately 900 agency accounts. Detailed public disclosure of investments is required by law. State law also requires that PERS undergo actuarial review not less often than every fourth year.

The last such review was conducted for the four-year period ending June 30, 1973 by Actuarial Systems, Inc., independent actuaries and consultants. The actuary also made actuarial valuations of the system as of June 30, 1973 and June 30, 1974 and identified substantial "unfunded supplemental liabilities" in the state system. Notwithstanding the generally adverse actuarial experience realized during the review period, the actuary concluded

that PERS was fiscally sound. An actuarial review of subsequent years' experience is currently in process.

Additional information about PERS may be obtained from the system's office at 1416 Ninth Street, Sacramento, California 95814.

## LITIGATION

The district general counsel has stated his opinion that Alameda County Water District is not involved in any litigation which would affect the district's ability to pay all sums which the district is obligated to pay resulting from the issuance of bonds relating to Improvement District No. 3.

## INSURANCE

The following table lists current insurance coverage maintained by the district.

### ALAMEDA COUNTY WATER DISTRICT INSURANCE COVERAGE, JUNE 1977

Type of Insurance	Limit of Coverage
Fire and extended coverage on buildings, fixtures, equipment and office contents.....	\$ 3,531,402
Fire and theft on papers.....	400,000
<b>Automotive Equipment</b>	
Bodily injury .....	500,000
Property damage .....	100,000
Uninsured motorist per person/per accident.....	15,000/30,000
Comprehensive, fire, and theft—no deductible .....	
<b>Other Than Automotive</b>	
Bodily injury .....	500,000
Property damage .....	200,000
Contractors' equipment .....	170,726
Office personal property.....	222,719
Extra expense .....	50,000
Mercantile, robbery, and safe burglary coverage, employers and pay stations....	3,000/1,000
Excess blanket liability.....	7,000,000
Employees' blanket position bond.....	10,000
Employees' blanket position bond—chief engineer and assistant.....	40,000
Employee's bond on certain individuals...	50,000
Loss of accounts receivable and/or additional collection costs from damage.....	350,000

Source: Alameda County Water District.

LOCATION AND POPULATION

The boundaries of ID No. 3 roughly coincide with the cities of Fremont, Newark and Union City in southern Alameda County, excluding the districts of Niles in the City of Fremont, and Decoto in Union City. The 94.5 square mile district area is about 25 miles south of Oakland and 35 miles southeast of San Francisco, on the eastern side of San Francisco Bay.

The accompanying table summarizes population growth in the three cities since 1960. During the years shown, the population of each city more than doubled, and that of Union City increased nearly five times. Total population of the three cities, as of January 1, 1977, is estimated at 179,600 by the California Department of Finance.

FREMONT, NEWARK, AND UNION CITY  
POPULATION SINCE 1960

	Fremont	Newark	Union City	Total
1960.....	43,790	9,884	6,618	60,292
1965.....	82,200	21,250	9,575	113,025
1970.....	100,869	27,153	14,724	142,746
1972.....	114,400	29,650	24,290	168,340
1974.....	115,600	28,650	26,450	170,700
1975.....	116,200	29,050	29,350	174,600
1976.....	116,300	29,600	31,300	177,200
1977.....	117,000	29,750	32,850	179,600

Source: California Department of Finance.

HISTORY

Fremont is the site of the first Spanish settlement in Alameda County, Mission San Jose, founded in 1797. The City of Fremont was incorporated January 23, 1956, and consolidated the communities of Centerville, Irvington, Mission San Jose, Niles, and Warm Springs. It is now the largest city in southern Alameda County. Newark was founded in 1876, and named after the New Jersey city of the same name by the South Pacific Coast Railroad Company. It was incorporated in 1955. Union City was incorporated January 26, 1959, consolidating the communities of Alvarado and Decoto. The city includes lands originally part of Mission San Jose de Guadalupe. The community of Alvarado also served as county seat for a brief period in the 1850's.

INCOME

The following tables provide income distributions of households in the three cities, based on special censuses conducted by the cities' planning departments in 1975. Based on the number of households in Newark and Union City that responded to the question on income, Bartle Wells Associates estimates the median household income in Newark in 1974 was about \$15,950, and in Union City, about \$14,050. Of the total surveyed, 67 percent of Newark's households and 61 percent of Union City's households responded to questions on income. The actual median household incomes in the two cities may, therefore, be higher or lower than the estimates.

The City of Fremont's planning department estimates that the city's median household income was about \$14,460 in October 1974. The city planning department estimates that the city's current mean family income is \$18,500.



**CITY OF FREMONT**  
**1974 INCOME BY HOUSEHOLDS**

	Total Households	Percent of Total
Less than \$5,000.....	1,413	4.0%
\$ 5,000- 6,999 .....	923	2.6
\$ 7,000- 8,999 .....	1,482	4.2
\$ 9,000-11,999 .....	3,296	9.3
\$12,000-14,999 .....	4,743	13.4
\$15,000-19,999 .....	5,353	15.2
\$20,000-24,999 .....	3,031	8.6
\$25,000-49,999 .....	1,825	5.2
Over \$50,000.....	151	0.4
No response .....	13,116	37.1
Total .....	35,333	100.0%

Source: City of Fremont Planning Department.

**CITY OF NEWARK**  
**1974 INCOME BY HOUSEHOLDS**

	Total Households	Percent of Total
Less than \$3,000.....	210	2.6%
\$ 3,000- 4,999 .....	153	1.9
\$ 5,000- 6,999 .....	198	2.5
\$ 7,000- 9,999 .....	469	5.9
\$10,000-14,999 .....	1,367	17.1
\$15,000-19,999 .....	1,418	17.8
\$20,000-24,999 .....	894	11.2
\$25,000-34,999 .....	465	5.8
Over \$35,000 .....	156	2.0
No response .....	2,654	33.2
Total .....	7,984	100.0%

Source: City of Newark Planning Department.

**CITY OF UNION CITY**  
**1974 INCOME BY HOUSEHOLDS**

	Total Households	Percent of Total
Less than \$2,000.....	63	0.7%
\$ 2,000- 4,000 .....	255	2.7
\$ 4,001- 6,000 .....	304	3.3
\$ 6,001- 8,000 .....	316	3.4
\$ 8,001-10,000 .....	479	5.1
\$10,001-12,500 .....	765	8.2
\$12,501-15,000 .....	1,075	11.5
\$15,001-20,000 .....	1,424	15.3
\$20,001-30,000 .....	977	10.5
Over \$30,000 .....	42	0.4
No response .....	3,622	38.9
Total .....	9,322	100.0%

Source: Union City Special Census, October 1975.

**EMPLOYMENT**

The district is within the San Francisco-Oakland Standard Metropolitan Statistical Area (SMSA), which includes Alameda, Contra Costa, Marin, San Francisco, and San Mateo counties. The table on page 23 shows a three-year history of employment by industry for Alameda County and employment data for the SMSA during 1976. No employment detail of the district area is available.

Alameda County accounted for about 32 percent of the SMSA's nonagricultural employment in 1976. Government was the county's largest employment sector, accounting for 26.2 percent of total nonagricultural employment in 1976. Services (17.7 percent) and retail trade (16.2 percent) were the next two largest employment sectors.

Within the SMSA, government was also the largest employer, representing 21.8 percent of the nonagricultural employment in 1976. As in the county, services (20.3 percent) and retail trade (15.7 percent) were the SMSA's second and third largest employment groups in 1976.

The following table shows the California Employment Development Department's unemployment rate estimates for the cities of Fremont, Newark, and Union City, and the actual unemployment rates for the SMSA. The unemployment estimates for the three cities are based on a formula using 1970 U.S. Census employment data and current unemployment rates for the SMSA. The estimates for the three cities are used for administrative purposes only, and are not comparable to the SMSA's unemployment rates.

**UNEMPLOYMENT RATE ESTIMATES**  
**FREMONT, NEWARK, UNION CITY, AND**  
**SAN FRANCISCO-OAKLAND SMSA**

	1975	1976	November 1977
Fremont .....	9.3%	8.8%	6.4%
Newark .....	9.4	8.9	6.4
Union City.....	11.0	10.3	6.2
SMSA* .....	10.9	10.3	8.0

\* Actual rates.

Source: California Employment Development Department.

**MAJOR EMPLOYERS**

The table on page 24 lists employers of over 150 persons in the district's three cities. Major employers include automobile assembly, a steel mill, and grocery distribution. Other major employers are government and educational facilities.





The General Motors Corporation assembly plant in Fremont, with an employment of 5,600, is the largest industrial employer in Alameda County. *Dale E. Boyer photo.*

#### ALAMEDA COUNTY AND SAN FRANCISCO-OAKLAND SMSA NONAGRICULTURAL EMPLOYMENT BY INDUSTRY

		Alameda County		San Francisco- Oakland SMSA
	1974	1975	1976	1976
Mining and construction.....	20,500	18,700	17,900	60,600
Manufacturing				
Durable goods .....	54,100	47,400	48,100	91,900
Nondurable goods .....	31,200	29,900	30,600	94,100
Transportation, communications, and utilities.....	31,600	29,300	29,100	120,000
Trade				
Wholesale .....	27,100	27,000	27,200	92,100
Retail .....	67,800	68,300	71,200	213,700
Finance, insurance, and real estate.....	21,500	21,600	22,300	115,700
Services .....	72,400	74,600	77,600	276,900
Government .....	108,400	112,500	115,000	297,300
Total .....	434,600	429,300	439,000	1,362,300

Source: California Employment Development Department.



The largest employer in the district and the largest manufacturing employer in Alameda County is the General Motors Corporation's assembly plant in Fremont. The plant employs approximately 5,600 persons to assemble cars and trucks for Chevrolet, cars for Buick, and trucks for GM Truck and Coach Divisions.

## RETAIL TRADE

Taxable retail sales for the three cities are shown in the table on page 25. The principal shopping areas in Fremont are the central business district, the Fremont Hub Shopping Center, and the Fremont Fashion Center. The Fremont Hub Shopping Center has a total of

94 stores, which include Montgomery Ward, Mervyn's, Long's Drugs, and Woolworth's. The Fremont Fashion Center includes 36 stores, among which Capwell's is the largest. K-Mart, the Treasury, and the main business districts are Newark's major shopping locations. The principal shopping areas in Union City are the Union Square Mall, a 21-store complex, and several neighborhood shopping centers.

## BUILDING ACTIVITY

According to the Alameda County Water District, there were 37,887 dwelling units in the City of Fremont in 1976. Of this total, about 27,910 units were single-

## FREMONT, NEWARK, AND UNION CITY MAJOR EMPLOYERS

Firm	Location*	Number of Employees	Product/Service
<b>1,000 or More Employees</b>			
General Motors Assembly Division.....	F	5,600.....	Car and truck assembly
Fremont Unified School District.....	F	2,600.....	School district
Fremont-Newark Community College District....	F	1,000.....	Education
Pacific States Steel Corporation.....	UC	1,000.....	Structural steel
<b>500 to 999 Employees</b>			
Peterbilt Motors Company.....	N	850.....	Heavy duty trucks and parts
Safeway Stores, Inc.....	F	800.....	Grocery distributor
Newark Unified School District.....	N	650.....	School district
Washington Hospital.....	F	630.....	General hospital
City of Fremont.....	F	550.....	Municipal government
U.S. Government—FAA.....	F	550.....	Air traffic control
<b>250 to 499 Employees</b>			
Fleming Foods.....	F	350.....	Grocery distributor
Pacific Telephone & Telegraph Company.....	F	350.....	Telephone utility
Leslie Salt Company.....	N	300.....	Salt
Foremost-McKesson Wines and Spirits.....	UC	285.....	Wholesale liquor distributor
C.T. Supply Company.....	N	250.....	Food cans
National Steel Construction Company.....	N	250.....	Water heaters, pump and storage tanks
<b>150 to 249 Employees</b>			
Kroehler Manufacturing Company.....	F	225.....	Furniture
Kaiser Aluminum & Chemical Company.....	UC	218.....	Can containers
Hussman-California Corporation.....	F	200.....	Modular display shelving
Inland Container Corporation.....	N	200.....	Corrugated shipping containers
Reynolds Metals Company.....	UC	209.....	Aluminum beverage cans
St. Regis Paper Company.....	UC	187.....	Multiwall bags
U.S. Pipe & Foundry.....	UC	176.....	Cast iron pressure pipe
Columbus Coated Fabrics.....	N	175.....	Coated fabrics
Flextronics.....	F	175.....	Electronics
Fudenna Brothers.....	F	175.....	Agriculture
Insured Transporters.....	F	175.....	Auto transport
Pacific Gas & Electric Company.....	F	175.....	Gas and electric utility
FMC Corporation.....	N	150.....	Phosphoric acid, sodium and potassium phosphates
Morton Salt Company.....	N	150.....	Salt and salt products
Owens-Illinois.....	UC	150.....	Corrugated shipping containers

\* F—Fremont; N—Newark; UC—Union City.

Source: Fremont, Newark, Union City, and Oakland Chambers of Commerce.

**FREMONT, NEWARK, AND UNION CITY  
TAXABLE RETAIL SALES (\$000)**

	1972	1973	1974	1975	1976	1977*
<b>CITY OF FREMONT</b>						
Retail Stores						
Total permits .....	586	591	601	606	644	660
Total transactions .....	\$167,523	\$198,067	\$215,303	\$233,748	\$267,631	\$145,649
Total transactions, all outlets .....	\$205,456	\$238,614	\$263,863	\$283,713	\$331,195	\$182,248
<b>CITY OF NEWARK</b>						
Retail stores						
Total permits .....	114	104	108	116	128	135
Total transactions .....	\$ 22,448	\$ 25,678	\$ 27,765	\$ 36,839	\$ 45,313	\$ 24,721
Total transactions, all outlets .....	\$ 38,053	\$ 46,646	\$ 49,237	\$ 53,724	\$ 62,229	\$ 36,454
<b>CITY OF UNION CITY</b>						
Retail stores						
Total permits .....	82	82	94	112	121	120
Total transactions .....	\$ 8,128	\$ 10,905	\$ 21,241	\$ 27,694	\$ 36,698	\$ 20,828
Total transactions, all outlets .....	\$ 31,375	\$ 38,605	\$ 56,966	\$ 60,682	\$ 75,510	\$ 41,570

\* As of end of second quarter.

Source: California State Board of Equalization.

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**FREMONT, NEWARK, AND UNION CITY  
BUILDING VALUATION**

	1972	1973	1974	1975	1976	1977*
<b>CITY OF FREMONT</b>						
Number of Dwelling Units Authorized						
Single-family .....	1,039	596	452	611	981	1,229
Multi-family .....	1,691	254	140	76	270	188
Valuation (\$000s)						
Residential .....	\$45,433	\$22,048	\$24,032	\$31,461	\$48,396	\$69,823
Nonresidential .....	14,006	11,971	8,509	15,260	21,111	10,301
Total .....	\$59,439	\$34,019	\$32,541	\$46,721	\$69,507	\$80,124
<b>CITY OF NEWARK</b>						
Number of Dwelling Units Authorized						
Single-family .....	184	114	173	294	334	138
Multi-family .....	4	20	—	8	—	7
Valuation (\$000s)						
Residential .....	\$ 4,939	\$ 3,760	\$ 5,577	\$11,801	\$14,651	\$ 7,352
Nonresidential .....	3,337	3,135	2,226	1,741	2,540	2,616
Total .....	\$ 8,276	\$ 6,895	\$ 7,803	\$13,542	\$17,191	\$ 9,968
<b>CITY OF UNION CITY</b>						
Number of Dwelling Units Authorized						
Single-family .....	1,076	526	550	469	347	296
Multi-family .....	388	140	34	28	176	14
Valuation (\$000s)						
Residential .....	\$25,354	\$15,397	\$17,252	\$20,410	\$18,027	\$13,741
Nonresidential .....	4,335	5,419	8,060	3,646	2,610	5,970
Total .....	\$29,689	\$20,816	\$25,312	\$24,056	\$20,637	\$19,711

\* First nine months.

Source: Security Pacific National Bank.





*Above:* The Hub Shopping Center in Fremont. Fremont accounts for over 70 percent of the combined taxable sales in the three cities.

*Below:* Ohlone Community College in Fremont. Dale E. Boyer photos.



family residences. In Union City and in Newark, there were about 10,740 and 8,721 housing units, respectively, in their cities in 1976. About 75 percent of Union City's and 89 percent of Newark's housing units were single-family residences.

Building activity within the three cities is shown in the preceding table. The City of Fremont was Alameda County's leading city in total residential valuation in 1975, 1976, and during the first nine months of 1977. As of the end of September 1977, the city was leading the county in total building valuation including nonresidential construction.

## TRANSPORTATION

The district has access to rail, truck, sea, and air transportation. Southern Pacific and Western Pacific railroads serve the district. Southern Pacific has two main lines running north-south, and connecting to east-west lines to the Central Valley and the San Francisco Peninsula. Western Pacific has a main north-south line, connecting to a main eastbound line.

State Highway 17, the Nimitz Freeway, crosses the district, paralleling the shore of San Francisco Bay. Other main highways serving the district include Interstate 680, which runs north-south, and State Highways 92, 84, and 237, which connect the district with the San Francisco Peninsula.

Two international airports are nearby: San Francisco International Airport (about 30 miles), and Metro-

politan Oakland International Airport, about 22 miles. San Jose Airport is about 15 miles to the south. The Port of Oakland provides deepsea cargo transportation to all parts of the world.

Fremont is the southern terminus of the San Francisco Bay Area Rapid Transit District, a 75-mile rail rapid transit system which serves all the major cities in the East Bay, and San Francisco and Daly City.

## COMMUNITY FACILITIES

**Utilities.** Pacific Telephone and Telegraph Company and Pacific Gas and Electric Company serve all of the district. Sewer service is provided by Union Sanitary District.

**Medical Facilities.** Washington Hospital (226 beds) is located in the City of Fremont. In addition, residents in the three cities are close to the Kaiser Foundation Hospital (139 beds), and the St. Rose Hospital (187 beds), both located in the City of Hayward, about 10 miles from the City of Fremont.

**Education.** Ohlone Community College is located in the City of Fremont. California State College, Hayward, and Chabot College, both located in Hayward, are about 10 miles from the district. University of California, Berkeley; Stanford University; Mills College; San Jose State University; and the University of Santa Clara are within a 30-mile radius of the district.

September 12, 1977

To the Board of Directors  
Alameda County Water District

In our opinion, the accompanying balance sheets and related statements of revenue and of changes in financial position present fairly the financial position of Alameda County Water District at June 30, 1977 and 1976 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

*Price Waterhouse & Co.*



ALAMEDA COUNTY WATER DISTRICT

BALANCE SHEET

	June 30	
	<u>1 9 7 7</u>	<u>1 9 7 6</u>
<u>A S S E T S</u>		
Utility plant (Notes 1 and 7):		
Source of supply	\$ 4,647,856	\$ 4,317,326
Water treatment	5,592,089	5,469,401
Pumping plant	826,209	469,705
Transmission and distribution	37,711,741	31,714,703
General	1,822,800	1,510,572
Construction in progress	<u>735,437</u>	<u>429,501</u>
	51,336,132	43,911,208
Less- Accumulated depreciation	<u>8,863,139</u>	<u>7,806,347</u>
	<u>42,472,993</u>	<u>36,104,861</u>
Current assets:		
Cash and temporary cash investments		
(Including restricted cash of \$650,000		
in 1977 and \$224,000 in 1976) (Note 2)	6,683,329	3,913,368
Customer and other accounts receivable		
net of allowance for doubtful accounts		
of \$1,400 in 1977 and \$1,600 in 1976	581,116	470,464
Accrued unbilled revenue (Note 1)	360,097	548,780
Materials and supplies, at average cost	279,969	257,672
Prepaid expenses	<u>54,642</u>	<u>21,992</u>
	<u>7,959,153</u>	<u>5,212,276</u>
Deferred charges	<u>24,691</u>	<u>130,769</u>
	<u>\$50,456,837</u>	<u>\$41,447,906</u>

CAPITALIZATION AND LIABILITIES

Capitalization:		
Net revenue invested in the District, per		
accompanying statement (Note 1)	\$12,491,181	\$10,805,418
Contributions in aid of construction		
(Notes 1 and 4)	<u>22,322,060</u>	<u>20,929,399</u>
	<u>34,813,241</u>	<u>31,734,817</u>
Long-term debt (Notes 3 and 7)	<u>12,750,000</u>	<u>7,685,000</u>
Current liabilities:		
Accounts payable and accrued expenses	1,010,356	726,005
Long-term debt due within one year		
(Notes 3 and 7)	748,000	590,000
Contractors' deposits	<u>683,469</u>	<u>266,630</u>
	<u>2,441,825</u>	<u>1,582,635</u>
Customers' advances on construction		
(Notes 1 and 4)	<u>451,771</u>	<u>445,454</u>
Commitments and contingencies (Notes 5 and 7)	<u>\$50,456,837</u>	<u>\$41,447,906</u>

See accompanying notes to financial statements.

ALAMEDA COUNTY WATER DISTRICT

STATEMENT OF REVENUE

	Year ended June 30	
	<u>1 9 7 7</u>	<u>1 9 7 6</u>
Operating revenue:		
Water (Note 1)	\$ 5,367,477	\$ 4,997,115
Major facilities connection charges	1,150,170	1,265,135
Taxes, including state subventions	<u>1,667,029</u>	<u>1,449,576</u>
	<u>8,184,676</u>	<u>7,711,826</u>
Operating expenses:		
Source of supply:		
Water purchased (Note 5)	1,837,535	1,840,592
Pumping	363,012	279,285
Other	390,041	432,302
Water treatment	444,488	471,559
Transmission and distribution	660,405	555,310
Administration of customer accounts	191,095	163,267
Administrative and general	1,723,478	1,508,786
Depreciation (Note 1)	<u>1,113,004</u>	<u>942,912</u>
	<u>6,723,058</u>	<u>6,194,013</u>
Net operating revenue	<u>1,461,618</u>	<u>1,517,813</u>
Other revenue:		
Interest	322,328	236,805
Miscellaneous, net (Note 6)	<u>639,784</u>	<u>203,700</u>
	<u>962,112</u>	<u>440,505</u>
Interest expense and amortization of bond financing costs (Note 1)	<u>737,967</u>	<u>521,887</u>
Net revenue for the year	<u>1,685,763</u>	<u>1,436,431</u>
Net revenue invested in the District (Note 1):		
Balance at beginning of year	<u>10,805,418</u>	<u>9,368,987</u>
Balance at end of year	<u><u>\$12,491,181</u></u>	<u><u>\$10,805,418</u></u>

See accompanying notes to financial statements.



ALAMEDA COUNTY WATER DISTRICT

STATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>Year ended June 30</u>	
	<u>1 9 7 7</u>	<u>1 9 7 6</u>
Financial resources were provided by:		
Net revenue	\$ 1,685,763	\$1,436,431
Changes not affecting working capital -		
Depreciation	1,113,004	942,912
Amortization of bond financing costs	<u>2,574</u>	<u>2,678</u>
Working capital provided by operations	2,801,341	2,382,021
Contributions in aid of construction	1,392,661	1,456,847
Proceeds from the sale of bonds	4,313,000	
Proceeds from the issue of promissory notes	1,500,000	
Other	<u>112,395</u>	<u>59,896</u>
	<u>10,119,397</u>	<u>3,898,764</u>
Financial resources were used for:		
Additions to utility plant, net of retirements	7,424,924	3,323,253
Reduction of long-term debt	748,000	590,000
Other	<u>58,786</u>	<u>66,695</u>
	<u>8,231,710</u>	<u>3,979,948</u>
Increase (decrease) in working capital	<u>\$1,887,687</u>	<u>(\$81,184)</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

Increase (decrease) in current assets:		
Cash and temporary cash investments	\$2,769,961	(\$918,681)
Customer and other accounts receivable	110,652	10,240
Accrued unbilled revenue	(188,683)	201,059
Materials and supplies	22,297	10,342
Prepaid expenses	<u>32,650</u>	<u>3,877</u>
	<u>2,746,877</u>	<u>(693,163)</u>
(Increase) decrease in current liabilities:		
Accounts payable and accrued expenses	(284,351)	649,601
Long-term debt due within one year	(158,000)	(270,401)
Contractors' deposits	<u>(416,839)</u>	<u>232,779</u>
	<u>(859,190)</u>	<u>611,979</u>
Increase (decrease) in working capital	<u>\$1,887,687</u>	<u>(\$81,184)</u>

See accompanying notes to financial statements.

ALAMEDA COUNTY WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1977 AND 1976

NOTE 1 - Operations and significant accounting policies:

Operations

The District was organized under the California Water Act of 1913 and is governed by a five-man Board of Directors. Principal functions of the District include the importation, conservation and distribution of water. District operations are conducted under the State Water Code of California and the accounting policies of the District conform to generally accepted accounting principles for water utilities. Net revenue is employed in the business for investment in utility plant, working capital and retirement of debt.

Accounting policies

Utility plant (at cost) and depreciation - The cost of additions to utility plant including purchased or contributed property and major replacements of retired units of property is capitalized. Cost includes direct labor, materials and transportation and such indirect costs as engineering and supervision and employee fringe benefits. The cost and accumulated depreciation of property sold or retired are deducted from the plant accounts and any profit or loss resulting from the disposal is credited or charged to operations. The cost of current repairs and maintenance and minor replacements is charged to expense. The annual charge for depreciation is computed on the straight-line method using rates based on the estimated useful lives of property which range from 5 to 50 years.

Bond financing costs - Costs related to the sale of bonds are deferred and amortized over the lives of the various bond issues. Interest expense on bonded indebtedness is charged to operations as incurred.

Contributions in aid of construction - Transmission and distribution system assets contributed to the District by installers are capitalized at cost, with corresponding credits to contributions in aid of construction or to customer advances on construction for certain reimbursable costs (see Note 4).

Revenue - Customer water meters are read and bills are rendered on a cyclical basis throughout a monthly or bimonthly period. Revenue for water distributed but not yet billed is accrued at the end of the fiscal year to match revenues and related expenses.

Retirement system - The District and employees make contributions to the State of California Public Employees' Retirement System to provide retirement benefits for District employees. The District's contributions for the years ended June 30, 1977 and 1976 were approximately \$250,000 and \$190,000, respectively.



NOTE 2 - Restricted cash:

Restricted cash at June 30, 1977 consisted of the following:

Principal and interest payments (see Note 3)  
made to fiscal agents prior to June 30, 1977  
but not due until after June 30, 1977 for:

Improvement District No. 1 Bonds	\$ 25,000
Improvement District No. 5 Bonds	259,000
1974 Promissory Notes	128,000
1976 Promissory Notes	33,000
	<u>445,000</u>
Installers' reimbursement collections (see Note 4)	205,000
Restricted cash	<u>\$650,000</u>

NOTE 3 - Long-term debt:

The bonds and notes outstanding at June 30, 1977 bear annual interest rates and mature as follows (dollar amounts in thousands):

	Fiscal year issued	Interest rate	Principal amount	Maturity	
				Fiscal year	Annual amounts
Improvement District No. 1					
General Obligation Bonds:					
Series 2	1960	1.00-4.00%	\$ 970	1984	\$130 - 140
Series 3	1963	3.25-3.40%	645	1984	70 - 120
			<u>1,615</u>		
Improvement District No. 3					
General Obligation Bonds	1970	7%	<u>5,370</u>	1995	\$100 - 500
Improvement District No. 5 (ID5)					
General Obligation Bonds:					
Series A	1977	6%	1,728	1997	\$43 - 140
Series B	1977	5-6%	635	1998	25 - 50
Water Revenue Bonds	1977	6%	<u>1,950</u>	1997	50 - 160
			<u>4,313</u>		
1974 Promissory Notes	1974	5.09%	<u>700</u>	1979	\$350
1976 Promissory Notes	1977	4.35%	<u>1,500</u>	1982	\$375
Total			13,498		
Due within one year			<u>(748)</u>		
Due after one year			<u>\$12,750</u>		

Improvement District No. 1 and No. 3 Bonds totalling \$1,410,000 and \$4,500,000 are callable at a premium currently and after June 1, 1980, respectively, in inverse order of maturity, on any interest payment date.

The Series B General Obligation Bonds are redeemable on or after July 1, 1988 in whole or in part, in inverse order of maturity on any interest payment date, at varying prices in excess of principal amounts depending on their redemption date. Of the \$2,850,000 General Obligation Bonds authorized by Board resolution in November 1973, \$487,000 remain to be sold at June 30, 1977.

The proceeds of the Water Revenue Bonds and Series A General Obligation Bonds have been applied toward the purchase of Citizens' utility plant assets (see Note 7), while the proceeds from the Series B General Obligation Bonds are to be used for the costs of improvements to that system. The proceeds of the 1976 promissory notes were used for certain improvements to the District's water distribution system.

The revenue bond debt service requirements are payable solely from revenues consisting of rates, fees and charges for providing service within the service area of ID5. The revenue bonds are secured by lien on such revenues. The District is required to set the charges at an average level of no less than 152% of those set by Citizens immediately prior to the sale until October 1, 1981, when the charges may be set at the discretion of ID5 to satisfy debt service and other operational requirements.

In connection with its revenue bonds, the District is required to accumulate a balance in the Alameda County Water District Improvement District No. 5 Water Revenue Reserve Fund of not less than the total debt service requirements in the following year; however, the District has until October 1, 1985 to accumulate the required amount.

Maturities of long-term debt are \$1,150,000, \$825,000, \$845,000 and \$875,000 for fiscal years ending June 30, 1979, 1980, 1981 and 1982, respectively.

NOTE 4 - Installer's reimbursements -  
main extensions and  
oversize mains:

Under the terms of certain agreements entered into with installers, the District has agreed to reimburse installers for a portion of their costs (as defined) related to the construction of main extensions on behalf of the District. The terms of the agreements provide that such costs are reimbursable over a period of up to ten years out of certain cash receipts collected from contractors connecting to those previously installed mains. Such receipts are treated as held in trust for transmittal to the installers (see Note 2). In the event the designated future cash receipts are not adequate to fully reimburse the installer for the costs of the main extension by the end of the ten-year period, the District has no further obligation to the installer.



In addition to the agreements mentioned above, the District has voluntarily agreed to attempt to reimburse certain installers for a portion of the cost of oversized mains constructed by the installers on the behalf of the District. In 1971, the District temporarily suspended such reimbursements as a result of the absence of available funds and no reimbursements on agreements entered into after 1971 have been made since then. Funds for reimbursement are not expected to become available unless either a special bond issue for repayment of these amounts is approved by the voters or unless major facilities assessments provide such funds.

As the District's obligation to reimburse installers for the above costs is voluntary and the District does not expect to obtain funds for reimbursement during the next fiscal year, such amounts have been classified as customer advances on construction in the accompanying statements. In the event the District decides in the future to permanently suspend such reimbursements, the amounts classified as customers advances on construction would be reclassified to contributions in aid of construction.

NOTE 5 - Commitments for water purchases:

In 1961 the District entered into a contract with the State of California to purchase water through the year 2035 or longer as discussed below. After the initial term, the contract is renewable indefinitely under essentially the same conditions as the original contract, upon six months prior written notice to the State.

The District's water entitlement for fiscal 1978 is approximately 22,000 acre feet. The entitlement increases relatively evenly each year to a maximum of 42,000 acre feet in 1995 and thereafter. In any year the entitlement is in excess of the District's needs, the State will attempt to sell such excess and credit the District. The District is presently using its full entitlement.

The water is delivered through facilities operated and constructed by the State. The cost of the water is determined annually by the State and includes reimbursement to the State of the costs of construction and operation of these facilities. The costs to the District for fiscal 1977 and 1976 were approximately \$1,021,000 and \$842,000, respectively, and were charged to operations as incurred.

The District's remaining obligation under the contract will remain in effect until 2035 or until the cost of the state facilities is recovered, whichever is longer, is subject to increase in future years as a result of additional improvements or higher than anticipated operating costs, and is projected by the State of California as follows:

Fiscal year  
ending June 30

Projected cost  
to District

1978	\$ 936,000
1979	1,009,000
1980	996,000
1981	1,018,000
1982	1,153,000
1983 - 1987	11,030,000
1988 - 1992	13,658,000
1993 - 1997	15,663,000
1998 - 2035	<u>116,056,000</u>
	<u>\$161,519,000</u>

Under a contract dated October 1, 1964, the District has agreed to purchase certain minimum amounts of water from the San Francisco Water Department (SFWD) over a twenty-year period. The cost to the District of such purchases for the years ended June 30, 1977 and 1976, was approximately \$817,000 and \$999,000, respectively, and had been charged to operations as incurred. In the event the SFWD is unable to supply sufficient water to all users, the available water will be apportioned among the users ratably, with the District liable only for water actually delivered. The District is obligated under the terms of the agreement to make minimum annual purchases as follows:

<u>Fiscal year</u>	<u>Annual Amount</u>	<u>Acre feet</u>
1978	\$687,000	4,800
1979	730,000	5,100
1980	773,000	5,400
1981	816,000	5,700
1982 - 1984	859,000	6,000

NOTE 6 - Litigation settlement:

In 1971, the District obtained injunctions against a quarry operator to prevent the pumping of underground water into Alameda Creek, thus wasting water which the District purchases to maintain its water level. The Court entered a judgment on behalf of the District against the quarry operator. During fiscal 1977 the District received \$316,000 in settlement of this judgment which has been included in miscellaneous other revenue.

NOTE 7 - Citizens Utilities Acquisition:

In June 1973, the District filed a condemnation action in the Superior Court of Alameda County to acquire the property of Citizens Utilities Company (Citizens) in Alameda County. Citizens owned a water utility system situated within the boundaries of the District (Improvement District No. 5) that serves approximately 3,600 customers.



In March 1976 the District entered into an agreement with Citizens under which the District would acquire the utility plant of Citizens in Alameda County for \$3,678,000. The acquisition was effective October 20, 1976 and was financed by \$1,950,000 in revenue bonds and \$1,728,000 in general obligation bonds previously authorized under Improvement District No. 5 (ID5) (see Note 3). Water revenues and net revenue of ID5 since October 20, 1976 were approximately \$328,000 and \$9,000, respectively.

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